

**PEIA  
Annual Report to the  
Legislature's Joint Committee on Government and Finance  
Pursuant to  
W.Va. Code §5-16-3(e)**

PEIA reports the following programs and initiatives:

1. Increasing generic fill rates. PEIA is constantly looking at programs to increase the use of effective low cost generic medications. PEIA has step therapy on several classes of medications. Step Therapy requires a trial of a generic medication in the same therapeutic class before a brand name medication is covered. The PEIA generic fill rate is up to 89%.
2. Managing specialty pharmacy costs. For plan year 2016, PEIA continued its specialty drug management program. Partnering with HealthSmart, our third party administrator, PEIA has established a program to acquire each individual specialty drug prescription from the specialty pharmacy offering the best price. This financial savings is coupled with aggressive drug case management and pre-certification to get medications delivered in the most cost effective manner. Savings for FY2016 are estimated at \$4 million and \$8 million for FY2017. During the course of this program, we developed a manufacturer's savings program that uses manufacturer's coupons/programs to manage the costs of several high cost specialty medications. Presently 40 medications up from 7 are being managed through this program with savings estimated at \$2 million per year. We secured and implemented a new Pharmacy Benefit Manager, CVS Caremark, and are continuing to use HealthSmart for Specialty Medication Management.
3. Implementing and evaluating medical home models and health care delivery. PEIA has been pursuing alternative payment models using a global fee based medical home model for several years. PEIA members who voluntarily participate choose a "comprehensive care" provider who coordinates the member's care and provides primary care for an agreed monthly global fee. These advanced practices provide coordinated care and in some cases have seen savings. Six of eight provider groups received savings for FY2016 totaling over \$200,000. We continue to explore new models and refine existing arrangements. In FY2017, the CCP Program will attribute members to the program based on utilization.
4. Coordinating with providers, private insurance carriers and, to the extent possible, Medicare to encourage the establishment of cost effective accountable care organizations. January 1, 2013 PEIA initiated its first Accountable Care contract with three primary care Federal Qualified Health Centers (FQHCs) using the medical home global fee based program. Accountable Care Organizations (ACOs) have been very slow to develop in the state of WV; however, PEIA continues to explore ACO's. PEIA entered into an agreement with Aledade, a new ACO in West Virginia, to manage the care of approximately 4,400 members in the first quarter of FY2017. Additional ACO models are currently being evaluated.
5. Exploring and developing advanced payment methodologies for care delivery such as case rate, capitation and other potential risk-sharing models and partial risk-sharing models for ACO's and/or medical homes. In addition to the initiatives discussed in items 3 and 4 above, PEIA tested a global physical therapy pilot following knee surgery in 2014 with little success. PEIA is exploring the development of a high value network for total knee replacement and pain management.
6. Educated patients have better outcomes. Healthcare costs continue to rise; members can play a role in managing costs by becoming educated consumers of healthcare services. PEIA has teamed up with HealthSmart to offer Healthcare Bluebook, a guide that will help in determining a fair price for healthcare services by area. During FY2016, over 5,000 searches were made to Healthcare Bluebook. Additional resources PEIA supports to deliver efficient care include Choosing Wisely and Consumer Reports.

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7. Adopting measures identified by the Centers for Medicare and Medicaid Services to reduce cost and enhance quality. PEIA follows Medicare payment guidelines and is a rapid follower in adopting new Medicare programs.

8. Evaluating expenditures to reduce excessive use of emergency room visits, imaging services and other drivers of PEIA's medical rate of inflation. PEIA monitors ER usage monthly to identify high flyers and move these members to a medical home. "High Flyers" are those who over-utilize the ER for care that is provided at medical provider facilities or offices at a fraction of the cost. In an effort to direct care to the appropriate service levels, July 1, 2015, PEIA limited members to 6 non-emergent ER visits per plan year. Emergency Room usage is down by 8% in this population. PEIA credits this policy change to decreasing the trend by redirecting care to the appropriate level.

9. Recommending cutting-edge benefit designs to the Finance Board to drive member behavior and control costs for the plan. PEIA evaluates the benefit design of the plan continuously. PEIA has been a leader in wellness programs and value based copays for many years. New ideas are presented to the finance board and the public annually. Beginning in FY 2016, PEIA began a new three-year Wellness Program, Healthy Tomorrows, focused on member engagement. The PEIA Pathways to Wellness Program was expanded to address physical activity, preventable occupational health conditions and lifestyle coaching targeted to the modifiable risk factors included in Healthy Tomorrows measures.

10. Implementing programs to encourage the use of the most efficient and high-quality providers by employees and retired employees. PEIA has established regional Facility Fee Limits for approximately 150 outpatient procedures when performed outside West Virginia.

11. Identifying employees and retired employees who have multiple chronic illnesses and initiating programs to coordinate the care of these patients. Several new programs were added to keep PEIA members engaged in healthy lifestyles. PEIA has joined forces with WVU Extension to offer ongoing classes such as "Dining with Diabetes". PEIA has partnered with Marshall University for over 2 years to provide worksite wellness programs through the Pathways to Wellness Program. PEIA continues to offer the Face-to-Face Diabetes, Hemophilia Disease Management and Weight Management Programs.

12. Initiating steps to adjust payments by the agency for the treatment of hospital acquired infections and related events consistent with the payment policies, operational guidelines and implementation timetable established by the Federal Centers of Medicare and Medicaid Services (CMS). The agency will attempt to protect employees and retired employees from any provider upward adjustment in payment for such hospital acquired infections. See number 7 above.

13. Initiating steps by the agency to reduce the number of employees and retired employees who experience avoidable readmissions to a hospital for the same diagnosis related group illness within thirty days of being discharged, consistent with the payment policies, operations guidelines and implementation timetable established by the Federal Centers of Medicare and Medicaid Services (CMS). See number 7 above.

14. Pain management. In response to the overuse of prescription opioids in the state, the West Virginia Public Employees Insurance Agency and the West Virginia University's School of Pharmacy launched the "Safe and Effective Management of Pain Project" (SEMPP), November of 2016. Designed to ensure that patients experiencing pain are treated in keeping with federal guidelines, SEMPP pharmacists are working with the physician community in reviewing prescribing patterns; providing provider technical

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assistance; and conducting case reviews. In combination with this added benefit, PEIA has aligned its opioid prescribing policy with the Centers for Disease Control (CDC) effective September 2016.

15. Addiction services. PEIA initiated a pilot program with a hospital and a community behavioral health center to provide in state services to PEIA members needing detox and addiction treatment services while restricting coverage to out of state, out of network care.

16. 340B Program. PEIA partnered with Disproportionate Share Hospitals (DSH) in the state to participate in the 340B program under the guidelines of HRSA. The program will allow the hospitals to participate in the PEIA specialty drug program with our contracted specialty pharmacy partners and allow PEIA to share in the medication cost savings.

Respectfully submitted:



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December 27, 2016

Ted Cheatham, Director

Date